

Message Text

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TAGS: ETRD, EINV, PL, OVIP (KOBELINSKI, MITCHELL P.)

SUBJECT: SBA ADMINISTRATOR KOBELINSKI'S VISIT TO POLAND

1. SBA ADMINISTRATOR KOBELINSKI'S VISIT TO WARSAW WAS HIGHLY SUCCESSFUL. THE POLES EXTENDED THEIR CUSTOMARY LAVISH HOSPITALITY AND ARRANGED A BUSY ROUND OF SUBSTANTIVE CALLS AND DISCUSSIONS.

2. AS REPORTED (WARSAW 6892), KOBELINSKI'S VISIT STARTED WITH A CALL ON PREMIER JAROSZEWICZ. THIS WAS FOLLOWED BY MEETINGS WITH VICE PREMIER TADEUSZ PYKA, VICE PREMIER KAZIMIERZ OLSZEWSKI, MINISTER OF FOOD INDUSTRY EMIL KOLODZIEJ, AND MINISTER OF INTERNAL TRADE JERZY GAWRYSIAK. TALKS WERE ALSO HELD WITH BOHDAN TRAMPCZYNSKI, PRESIDENT OF THE CENTRAL UNION OF COOPERATIVES (AND BROTHER OF AMBASSADOR WITOLD TAMPCZYNSKI).

3. THE MAIN THEME TO EMERGE FROM ALL OF THESE DISCUSSIONS WAS THE INTENSE POLISH DESIRE TO CONTINUE THE RAPID EXPANSION OF TRADE WHICH HAS OCCURRED BETWEEN THE US AND POLAND OVER RECENT YEARS. THE POLES WERE CANDID IN DEPICTING THE SERIOUSNESS OF THEIR PRESENT ECONOMIC PLIGHT AND MADE NO BONES ABOUT THEIR FAILURE TO COME UP WITH A SOLUTION TO THEIR

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DIFFICULTIES. ONE THING THEY CLEARLY DO NOT WANT TO

TAMPER WITH, HOWEVER, IS THEIR US CONNECTION. WHATEVER SACRIFICES AND BELT-TIGHTENING MAY BE REQUIRED TO GET THEM THROUGH THE ROUGH PERIOD AHEAD WILL NOT IMPINGE ON THIS LINK. AT LEAST, THAT IS WHAT THEY TOLD KOBELINSKI. FURTHERMORE, THEY DISPLAYED A RECEPTIVITY TO NEW IDEAS AND EXPERIMENTATION IN THE BUSINESS AREA WHICH SURPRISED KOBELINSKI. CLEARLY, A LOT OF THINKING AND DISCUSSING IS GOING ON IN POLAND ABOUT THE ROLE OF PRIVATE ENTERPRISE IN THIS COUNTRY AND THE CONTRIBUTION IT MIGHT MAKE TOWARD THE INCREASES IN EFFICIENCY AND PRODUCTIVITY WHICH EVERYONE AGREES ARE ESSENTIAL. FINALLY, KOBELINSKI MADE AN EFFECTIVE PITCH ON THE DIVIDED-FAMILY ISSUE.

4. FOLLOWING ARE SOME SPECIFIC COMMENTS PASSED ON TO EMBASSY OFFICERS BY KOBELINSKI AS HE WAS LEAVING WARSAW:

A) THE GM DEAL: KOBELINSKI IS CONVINCED THAT THE POLES SINCERELY WANT THIS CONTRACT TO GO THROUGH. HE GOT THE IMPRESSION FROM HIS CONVERSATION WITH PREMIER JAROSZEWICZ THAT THE POLES ARE NOT SO CONCERNED OVER THE 9-PERCENT EXIM INTEREST RATE PER SE AS THEY ARE OVER REPAYMENT TERMS. WHAT THE POLES WOULD LIKE TO SEE IS A "CAPITALIZATION OF INTEREST PAYMENTS" WHEREBY INTEREST PAYMENTS MIGHT BE ALLOWED TO ACCUMULATE AND THEN BE FINANCED AT SOME LATER DATE. OTHER AUTHORITIES IN WARSAW REFERRED TO GM'S TERMS AND METHODS OF OPERATION AS CAUSING SERIOUS DIFFICULTIES WITH THE POLISH PROJECT. KOBELINSKI TOLD EMBASSY OFFICERS HE WILL DISCUSS THIS CONTRACT FURTHER WITH GM AND WITH WASHINGTON OFFICIALS UPON HIS RETURN.

B) POLAND'S NEW INVESTMENT LAW: VICE MINISTER OF FINANCE KRZAK TOLD KOBELINSKI HE AGREED THAT POLAND'S NEW STATUTE PERMITTING INVESTMENT BY FOREIGNERS IS NOT SUFFICIENTLY PRECISE AND PROBABLY NOT SUFFICIENTLY ATTRACTIVE. ON THE QUESTION OF REPATRIATION OF PROFITS, KRZAK SAID HE UNDERSTOOD THAT THE PRESENT 9-PERCENT LIMITATION REFERRED ONLY TO PROFITS FROM ZLOTY SALES. (THIS FIGURE WAS APPARENTLY ARRIVED AT BY SETTling ON LIMITED OFFICIAL USE

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PRESENT INTERNATIONAL INTEREST RATES FOR HARD-CURRENCY LOANS.) THE VICE MINISTER SAID THAT HARD-CURRENCY EARNINGS WERE NOT AFFECTED BY THIS 9-PERCENT LIMIT. ALTHOUGH NO SPECIFIC FIGURE WAS CITED, KRZAK SAID THAT IT COULD BE WELL IN EXCESS OF 20-PERCENT.

C) AGRICULTURE: SEVERAL POLISH OFFICIALS COMMENTED TO KOBELINSKI ON POLAND'S AGRICULTURAL PROBLEMS.

BEYOND A GENERALLY RECOGNIZED NEED TO DEAL WITH THE OVER-PARCELIZATION OF HOLDINGS, NO ONE SEEMED TO HAVE ANY CLEAR ANSWERS. PROPOSED SOLUTIONS TO THIS PROBLEM HERETOFORE HAVE ALL BEEN REJECTED AS TOO COSTLY, EITHER POLITICALLY, SOCIALLY, OR FINANCIALLY. THE ONLY POINT ON WHICH SOME CONSENSUS SEEMS TO BE MERGING IS THAT THE AVERAGE SIZE OF PRIVATE FARMS IN THE COUNTRY SHOULD BE AROUND 20 HECTARES. (THE AVERAGE SIZE NOW IS ABOUT 5 HECTARES). ON A RELATED AGRICULTURAL SUBJECT, POLISH OFFICIALS WERE LAVISH IN THEIR PRAISE OF THE PERFORMANCE OF INTERNATIONAL HARVESTER TRACTORS, COMPONENTS OF WHICH ARE NOW BEING PRODUCED IN POLAND.

D) VICE PREMIER PYKA: KOBELINSKI REPORTED THAT HE WAS VERY IMPRESSED WITH THE PERSONALITY AND OPEN-MINDEDNESS OF VICE PREMIER PYKA, HIS NOMINAL HOST IN POLAND. HE SAID THAT PHKA IS A VERY PRAGMATIC OFFICIAL AND IS VERY COMMITTED TO THE EXPANSION OF THE CONSUMER-GOODS SECTOR AND OF PRIVATE BUSINESS IN GENERAL. AS HE PUT Q BLUNTLY TO KOBELINSKI, "IF WE (COMMUNISTS) CAN'T KEEP THE SHELVES OF THIS COUNTRY FILLED, WE WILL BE OUT OF OUR JOBS. WE CANNOT LET IDEOLOGY STAND IN THE WAY OF EFFECTIVE SOLUTIONS".
DAVIES

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